



Personal Net Worth Overview

In order to further its compliance with current constitutional standards, a Personal Net Worth (PNW) limit has been established for the socially and economically disadvantaged owners of firms seeking certification as a Minority Business Enterprise (MBE), Disadvantaged Business Enterprise (DBE) or Airport Concessions Disadvantaged Business Enterprise (ACDBE). Each minority owner must fall below the established cap:

MBE - \$1,641,652 (January 1 – December 31, 2014)

DBE - \$1,320,000

ACDBE - \$1,320,000

A PNW cap also applies to socially and economically disadvantaged owners of firms seeking certification in the federal Disadvantaged Business Enterprise (DBE) and Airport Concessions Disadvantaged Business Enterprise (ACDBE) programs. The PNW cap for all certification decisions rendered is \$1,320,000 for the DBE Program and \$1,320,000 for the ACDBE Program.

PNW is defined as “the net value of the assets of an individual remaining after total liabilities are deducted” and “includes the individual’s share of assets held jointly or as community property with the individual’s spouse.” Md. Code Ann., State Fin. & Proc. Article §14-301(g).

By law, PNW calculations do NOT include:

1. An individual’s **ownership interest in the applicant business** or, for the State MBE Program, any other certified minority business enterprise
2. An individual’s equity in his or her **primary place of residence**
3. Up to \$500,000 of the cash value of any qualified retirement savings plans or individual retirement accounts (MBE Program only)

PNW calculations do include, *for example*:

1. Cash on hand and in banks
2. Current market value of stocks and bonds less any tax or interest penalties resulting from immediate withdrawal (see #1 below)
3. Current market value of any rental properties, vacation properties and commercial properties
4. Other personal property such as boats, trailers, jewelry, artwork and collectibles

Because PNW equals assets MINUS liabilities, the following is also considered when calculating an individual’s PNW:

1. Fair market value of all real estate holdings are reduced by any mortgages held on those properties.
2. Only the present value of any assets held in retirement savings or investment programs is included, less the tax and interest penalties that would accrue if the asset were distributed at the present time. (Maryland does not count the first \$500,000 of the present value of a qualified retirement savings account when determining PNW for the MBE Program.)
3. Fair market value of any automobiles held is reduced by the debt owed on any corresponding auto installment accounts.
4. Only the cash surrender value of life insurance policies is included; face value or the amount a beneficiary would receive upon an applicant's death is not. Also, cash surrender value is reduced by any loans that have been taken against the policy.
5. Only the present value of any assets held in retirement savings (excepting the first \$500,000 of the present value as noted above) or investment programs is included, less the tax and interest penalties that would accrue if the asset were distributed at the present time.

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